



# PROFORMA MODELS FOR IDD INCLUSIVE HOUSING

*Prepared for:*



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# PROFORMA MODELS FOR IDD INCLUSIVE HOUSING

## INTRODUCTION

Everyone deserves a decent place to live. Borrowing from the Habitat for Humanity mission statement, this rings true for everyone in Forsyth County, including individuals with intellectual and developmental disabilities (IDD). Over the last few years, housing availability has become a significant concern for many communities with few options for families who are growing and changing, especially for those seeking a more independent living situation within supportive environments.

The need for housing is evident and this report explores the viability of the development of inclusive housing in Forsyth County for adults with intellectual and developmental disabilities (IDD). The overall project proposes a design for housing that maximizes wrap-around services with natural supports and invites public-private partnerships in training, research, and development to ensure long-term sustainability and scalability.

Housing for individuals with IDD is substantially in segregated or institutional settings, however many needs and desires in finding a decent place to live match those of the population as a whole. This project seeks to integrate and blend populations while still addressing the financial and service needs of those with IDD. The direct purpose of this report is to explore financial models that blend market-rate and affordable housing for individuals with IDD and other populations and to suggest site options for development.

In this report you will find:

- A brief overview of the development process that the team uses to guide the proforma and site selection
- Reiteration of individuals with IDD from the *Forsyth County Housing Needs Assessment for Individuals with Intellectual and Developmental Disabilities* by The Research Policy & Impact Center
- IDD population growth projections
- Income statistics to guide affordability of development
- Four cost models exploring the blending of market-rate and affordable housing of the proposed housing development, and
- Site recommendations in Forsyth County for the project.

# DEVELOPMENT PROCESS

1

## Pre-Planning Phase/Feasibility

- **Site Selection**
- **Feasibility Analysis**
  - ✓ Market Research
  - ✓ Prepare Initial Proforma
- **Consult Experts**
  - ✓ Architects,
  - ✓ Engineers
  - ✓ Urban Planners
  - ✓ Lawyers
  - ✓ Financial Analysis / Advisors
  - ✓ Building Management
- **Preliminary Design, Programming, and Planning**
- **Secure Financing:**
  - ✓ Create a “pitch-book”
  - ✓ Create a Sources and Use analysis with the proposed capital stack.
  - ✓ A Stabilized operating proforma.
  - ✓ A ten-year discounted cash flow proforma that identifies the anticipated rate of return.
  - ✓ Cash on Cash
  - ✓ IRR

**Site Selection.** One of the first steps in the development process is to identify and gain control via option or purchase of a suitable piece of land that complies with or can be rezoned to comply with zoning laws for residential buildings. To confirm this, make sure to consult with local city or county planners and other officials at all steps of the project to assure compliance.

**Market Research** will enable developers to properly assess the market to identify the demand for and projected rental rates for a proposed apartment building in a specific area. Next, an initial proforma will explore the feasibility of the project and help narrow the focus on the options for sustainability.

**Consult Experts.** In addition to local planners and officials, there are several professionals that can assist in the early development process including architects, engineers, lawyers, financial advisors, and building management.

**Preliminary Design, Programming, and Planning.** With input from the market research, expert opinions and an early proforma, the project can begin to establish parameters for development on the selected site.

The next step is to **Secure Financing** for the project and develop a stabilized operating proforma. Preparing a “pitch-book” is an excellent way to present the feasibility and value to a variety of audiences that may offer support for financing.

2

## Planning/Design Phase

- **Final Design**
- **Regulatory Approvals**
- **Environmental Assessment**
- **Cost Estimation**

**Planning/Design Phase.** Once a final design is complete, the process begins for regulatory approvals and impact assessments. Plans should be submitted to local planning and zoning boards for approval at the same time the environmental regulations and impact assessments should be moving forward for the chosen site.

These steps will aid in updating the cost estimation based on feedback and final design choices.

# 3

## Construction Phase

- Prepare Construction Documents
- Procure Contractor
- Begin Construction
- Quality Checks & Inspections
- Problem-Solving: Address any issues during construction

### Construction Phase.

From the final design process, develop **Construction Documents** and specifications to assist in hiring a contractor. Negotiating a detailed contract with an agreed-upon timeline and cost structure for the project is essential in **Procuring a Contractor**.

From here, it is time to **Begin Construction** and perform regular inspections, quality checks and problem solving is necessary to manage delays and cost overruns.

# 4

## Completion and Leasing Phase

- Final Inspection and Approvals
- Closing
- Marketing
- Tenant Screening:
- Qualify Special needs (IDD) tenants.
- Lease Agreements
- Building Management

### Completion and Leasing Phase.

Once construction is complete, have **Final Inspection and Approvals** performed by local authorities to ensure it meets all regulations before **Closing** and obtaining full ownership of the completed building and property.

**Marketing** can begin in earnest with advertising the apartments for lease. This may include online listings, traditional advertising, and open houses.

An important step on a project like this is to set up **Tenant Screening** for potential residents via background and credit checks along with other agreed upon criteria to set up for the community. Additionally it will be crucial to **Qualify Special Needs (IDD) Tenants**.

**Lease Agreements** should be signed with all tenants. Initial move-in and ongoing **Building Management** should be set for rent collection, building maintenance and tenant relations.

# MARKET STUDY: DEMOGRAPHIC & INCOME

The following analysis includes population dynamics and the general economic position of Forsyth County, North Carolina, and its residents. The focus will then turn to Individuals with Intellectual and Developmental Disabilities (IDD) in Forsyth County to effectively build a picture of future residents for new housing developments.

Forsyth County is part of the Piedmont Triad Region, situated on Interstate 40, with excellent access to state-wide and East Coast amenities. The greater region is seeing tremendous success with multiple mega-project announcements and substantial local job creation and investment. Establishing these announced new or expanding facilities will see an increase in jobs and people migrating to fill these jobs.

## Population

The population in Forsyth County as of 2022 is 389,157, with 251,350 of that group living within the Winston-Salem City Limits. The county has grown by 9% since 2012, an annual average rate of change of just under 1%. The area is home to 1.7 million people in the 11-county Piedmont Triad region.



**389,157**

Population  
Forsyth County, 2022

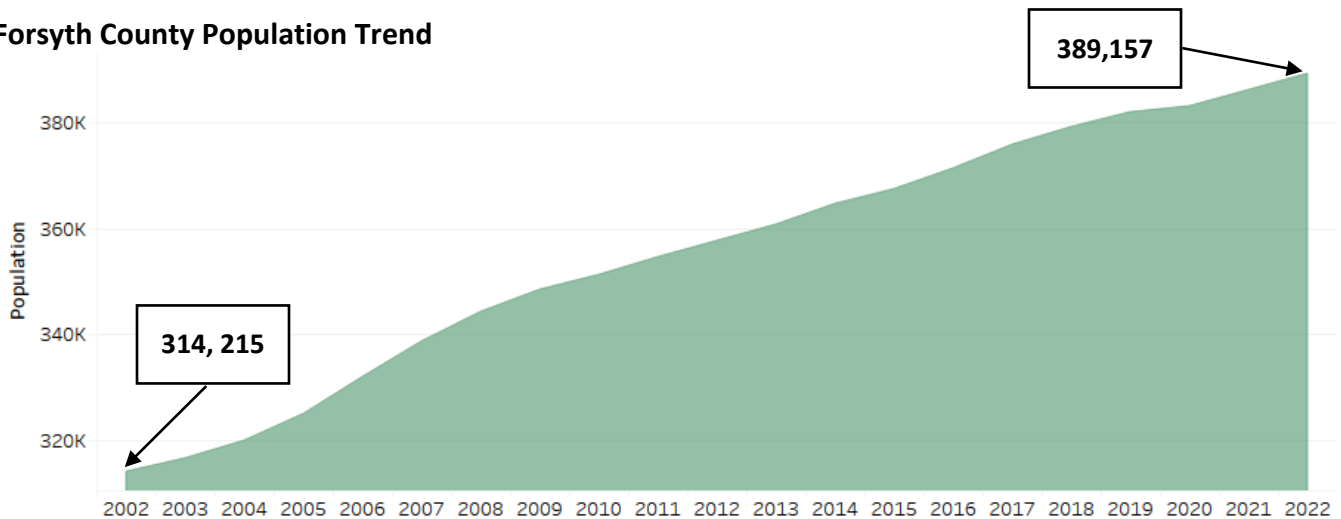
**8.8%**

10-Year Growth  
Forsyth County

**1.7 million**

Regional Population  
Piedmont Triad, 2022

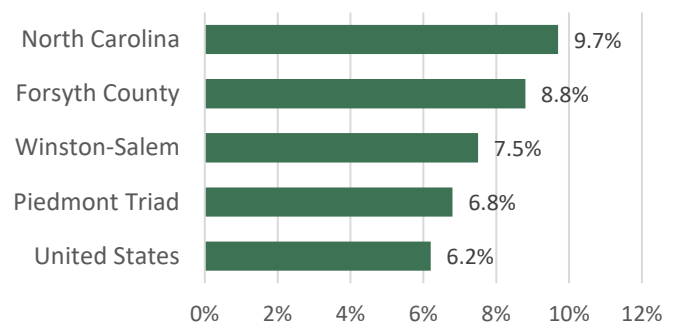
### Forsyth County Population Trend



### Comparative Population Growth

Geography	2022 Population	5-Year Change	10-Year Change
Forsyth County	389,157	3.5%	8.8%
Winston-Salem	251,350	2.9%	7.5%
Piedmont Triad	1,742,942	3.3%	6.8%
North Carolina	10,698,973	4.1%	9.7%
United States	333,287,557	2.5%	6.2%

### 10-Year Population Growth, 2012-2022



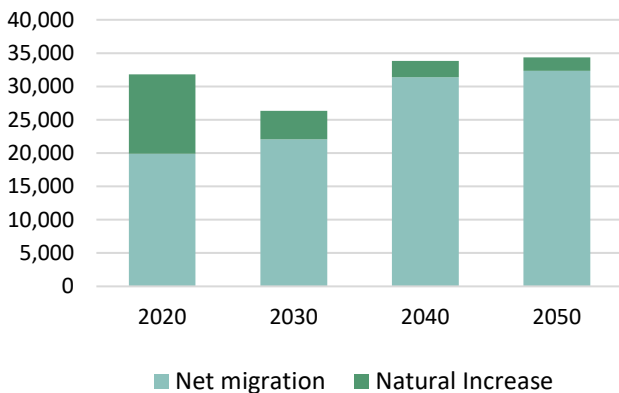
Source: U.S. Census Bureau Population Estimates

## MIGRATION & POPULATION PROJECTIONS

Between 2021 and 2022, Forsyth County gained a net of 2,881 people through migration and 219 people via natural increase (births and deaths). Approximately 71% of population growth through net migration came from domestic locations, with the remaining 29% through international moves.

Forsyth County is projected to reach 477,500 people by 2050. Mirroring national trends, birth rates have been declining here, and combined with the aging population, the North Carolina demographer has estimated that growth will occur primarily through net migration. Each decade is estimated to include more than 26,000 people in Forsyth County.

### Forsyth County Components of Population Growth



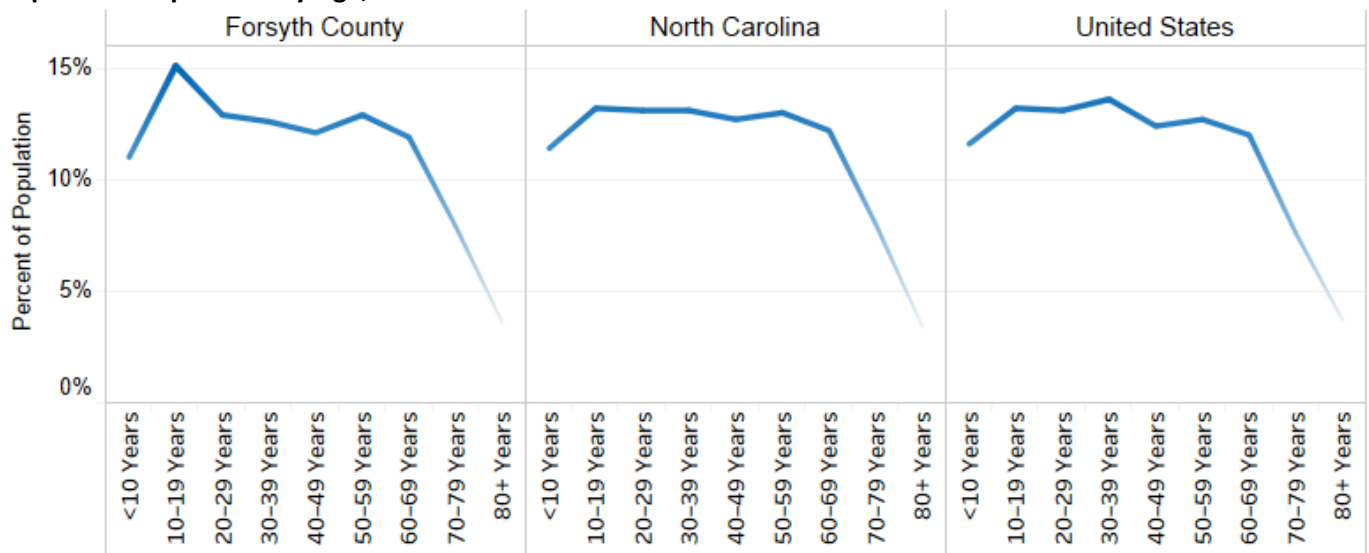
Year	Population	10-Year Net Migration	10-Year Natural Increase	10-Year Population Growth
2020	382,944	19,897	11,908	31,805
2030	409,296	22,065	4,287	26,352
2040	443,136	31,395	2,445	33,840
2050	477,496	32,343	2,017	34,360

Source: U.S. Census Bureau Population Estimates, NC State Demographer/OSBM

## AGE DISTRIBUTION

The age composition of an area’s population offers insight into a community, giving a profile of the current and future of its residents. Forsyth County has a median age of 38.6 years, slightly younger than the nation (38.8) and North Carolina (39.4). Children ages 10 to 19 make up 15% of Forsyth County’s population, the largest group for the county. The remainder of age groups are distributed similarly to the state and nation. Two hundred ninety-eight thousand eleven people are aged 18 years or older, making up 77% of Forsyth County’s residents.

### Comparative Population by Age, 2021



Source: U.S. Census Bureau American Community Survey, 2021

## Forsyth County Age Groups, 2021

	<10 Years	10–19 Years	20–29 Years	30–39 Years	40–49 Years	50–59 Years	60–69 Years	70–79 Years	80+ Years	18+ Years
<b>Total</b>	42,203	58,326	49,779	48,647	46,661	49,778	45,740	30,477	13,912	298,011
<b>Percent</b>	11.0%	15.1%	12.9%	12.6%	12.1%	12.9%	11.9%	7.0%	3.6%	77%

Source: U.S. Census Bureau American Community Survey, 2021

## IDD POPULATION

The *Forsyth County Housing Needs Assessment for Individuals with Intellectual and Developmental Disabilities* by The Research Policy & Impact Center released in February of 2023 covered several methods of estimating the IDD population, including the U.S. Census, local service recipients (administrative data), and self-reporting. This publication estimated that there are **6,877** individuals living in Forsyth County with developmental disabilities, which is 1.55% of the total population. Table 9 in the same report outlined demographic projections for the IDD population in which the upper range of estimates at all ages was approximately 1.55%.

Housing for citizens with IDD is likely for adults ages 18 years or older. Given that 77% of the population in Forsyth County is aged 18 years or older, applying the consistent 1.55% percentage, the adults in Forsyth County with intellectual and developmental disabilities would be estimated at 4,619.

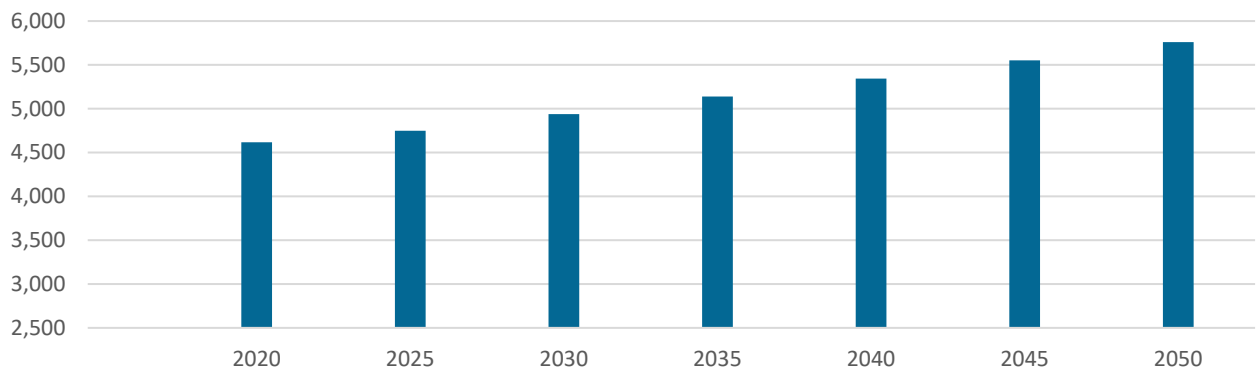
**4,619**

Adults with IDD  
Population Estimate  
Forsyth County, 2021

### Projected Adults with IDD Population Growth

Applying the North Carolina demographer's projected growth for Forsyth County to the adult population with IDD shows that this group may reach 5,700 individuals by 2050.

Forsyth County	2020	2025	2030	2035	2040	2045	2050
Total Population	382,944	393,717	409,296	426,056	443,136	460,305	477,496
Percent Growth	4.4%	2.8%	4.0%	4.1%	4.0%	3.9%	3.7%
Adults with IDD Population Estimates	4,619	4,749	4,937	5,139	5,345	5,552	5,759



Source: U.S. Census Bureau Population Estimates, NC State Demographer/OSBM

## Income



**\$59,879**

Median Household Income  
Forsyth County, 2021

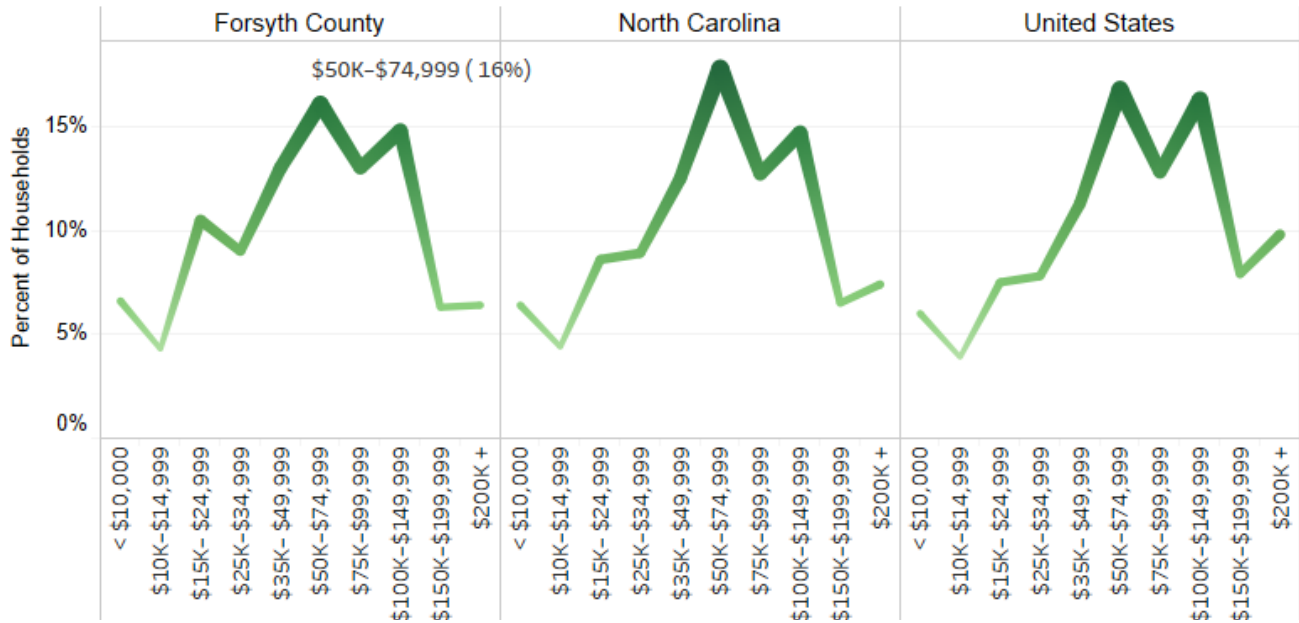
**24%**

5-Year Median Income  
Growth in Forsyth County

**57%**

Forsyth County Households  
Earn more than \$50K Annually

### Comparative Household Income, 2021



### Forsyth County Income Groups, 2021

	<\$10K	\$10K-\$20K	\$20K-\$30K	\$30K-\$40K	\$40K-\$50K	\$50K-\$60K	\$60K-\$75K	\$75K-\$100K	\$100K-\$150K	\$150K+
Households	10,357	13,152	16,341	14,194	13,742	10,353	14,721	20,308	23,023	19,794
Percent	6.6%	8.4%	10.5%	9.1%	8.8%	6.6%	9.4%	13.0%	14.8%	12.7%

Source: U.S. Census Bureau American Community Survey, 2021

For all Forsyth County households, there is a concentration in middle-income levels, with the highest percentage of households earning between \$50,000 to \$74,999 per year (16%) and the second-highest level earning \$100,000 to \$149,999 per year (15%). The Median Household Income for Forsyth County is \$59,879.

## IDD INCOME

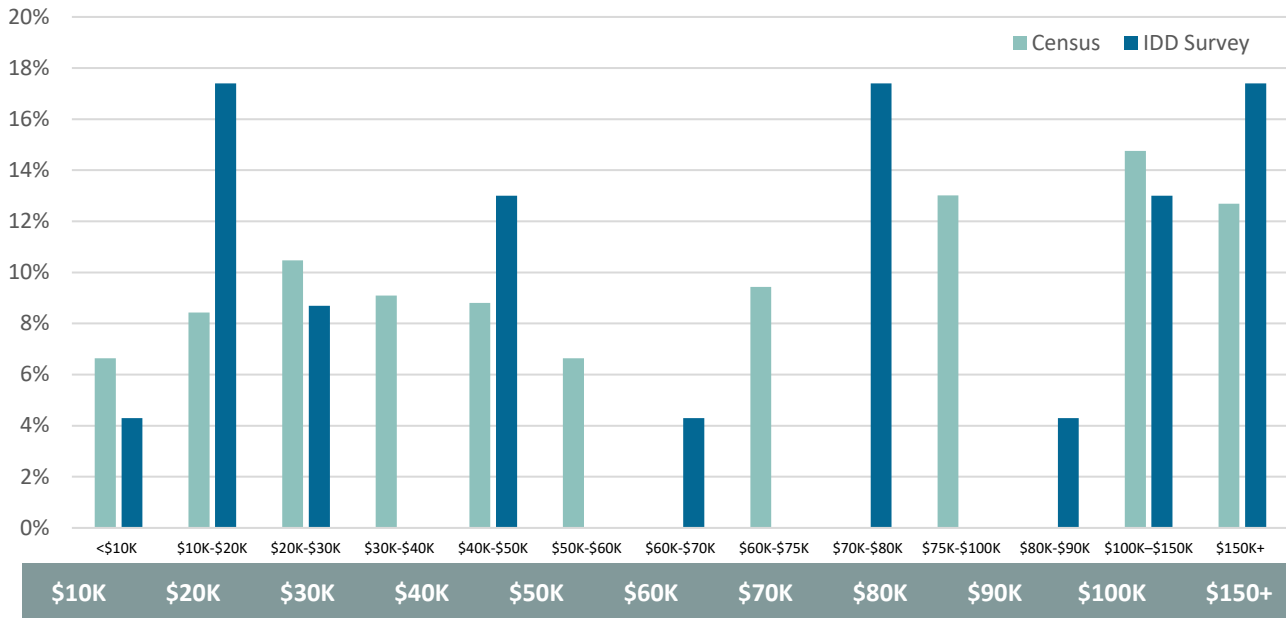
A survey of IDD individuals in the *Forsyth County Housing Needs Assessment for Individuals with Intellectual and Developmental Disabilities* by The Research Policy & Impact Center showed higher frequency at low, middle, and higher-income households.

### Forsyth County IDD Income Groups, 2023 Survey

	<\$10K	\$10K-\$20K	\$20K-\$30K	\$40K-\$50K	\$60K-\$70K	\$70K-\$80K	\$80K-\$90K	\$100K-\$150K	\$150K+
Households (%)	4.3%	17.4%	8.7%	13.0%	4.3%	17.4%	4.3%	13.0%	17.4%

## Blended Household Income

Census data compared to survey data



Blending survey data with Census data gives some insight into the general trend of household income compared to those households with an individual with IDD. While on a different scale, we see concentrations at low-income levels, middle-income, and wealthier households.

## EMPLOYMENT STATUS

According to Census information reflecting residents in Forsyth County ages 18 to 64 years old, only 1.7% of individuals with cognitive difficulty were employed as of 2021. Less than one percent of those with self-care and independent living were employed. An even smaller percentage (.2% to .3%) were actively looking for work and classified as unemployed. Others were not in the labor force, ranging from 1.1% to 3.4% of the working-age population.

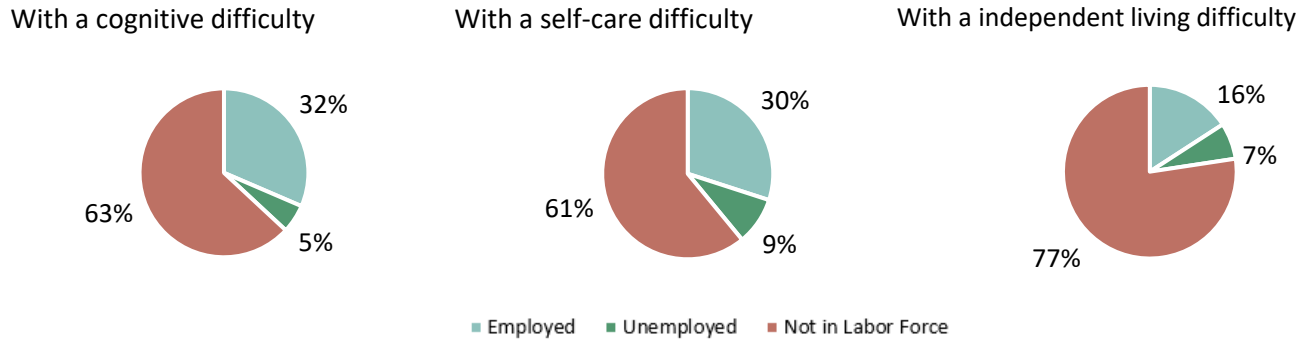
The median earnings for individuals with any disability was \$32,579 for workers in 2021.

### Labor Force & Employment Status of Individuals with Disability, 2021

	With a cognitive Difficulty	With a self-care Difficulty	With independent living difficulty
<b>Employed:</b>	3,901	1,281	1,385
<i>% of the Population 18-64 Years</i>	1.7%	0.6%	0.6%
<b>Unemployed:</b>	677	386	590
<i>% of the Population 18-64 Years</i>	0.3%	0.2%	0.3%
<b>Not in the labor force:</b>	7,822	2,605	6,763
<i>% of the Population 18-64 Years</i>	3.4%	1.1%	2.9%

Source: U.S. Census Bureau American Community Survey, 2021

## Labor Force & Employment Status of Individuals with Disability, 2021

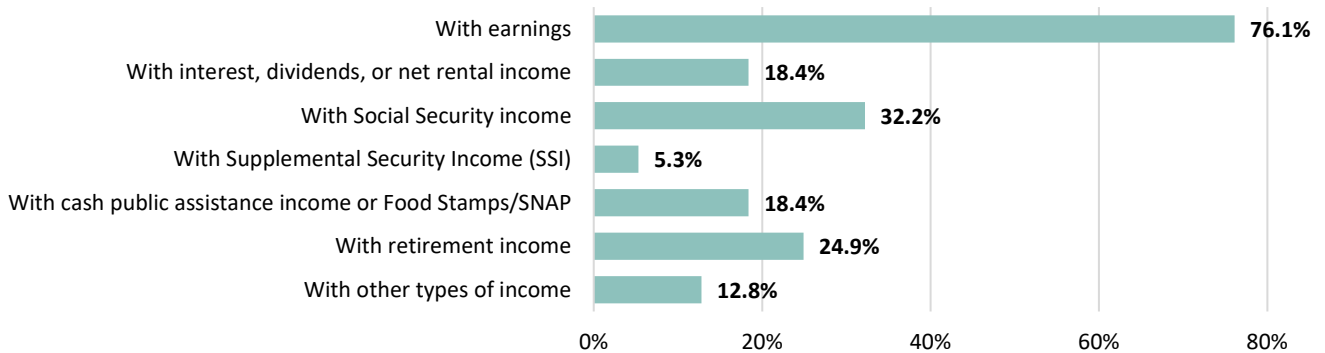


Source: U.S. Census Bureau American Community Survey, 2021. Percentage of all persons with stated disability.

## INCOME BY TYPE

Households in Forsyth County received income from various sources, including earnings from work, public sources, and investments. This chart reflects all households regardless of whether any household members have any disabilities or not.

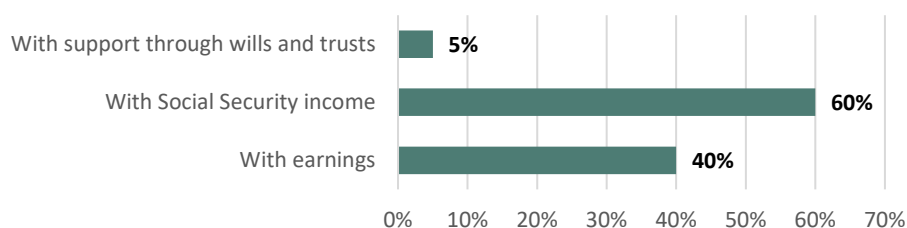
### Percentage of Households Earning Income by Type, 2021



Source: U.S. Census Bureau American Community Survey, 2021

### Percentage of Households Earning Income by Type, 2021

The survey in the *Forsyth County Housing Needs Assessment for Individuals with IDD* quoted earlier in this document also reflected the diversity of income for the IDD population in the county. According to this survey, income was through employment earnings (40%), while 60% reported receiving social security income (60%), and only 5% received support through the wills and trusts of parents or other family assets.



## Social Security Income

Social Security Supplemental Security Income (SSI) program assists people who meet the requirements for disability. This federal program offers aid for those who are disabled and have limited income and resources.

The Supplemental Security Income (SSI) monthly federal benefit rate (FBR) for an eligible individual is **\$914**. (2021). As of now, North Carolina does not supplement these payments. The national benefit rate is adjusted annually to account for cost-of-living adjustments, so the exact amount could be higher in September 2023.

The actual SSI benefits an individual receives may also depend on various factors, including any other income they receive. If there is income from other sources, such as earnings from work, Social Security benefits, or pensions, the federal SSI amount you receive will be reduced. Only 5% of Forsyth County households received SSI as of 2021.

SSI eligibility often leads to automatic Medicaid enrollment in many states, including North Carolina. Medicaid can offer various health benefits, including doctor visits, hospital stays, prescription drug coverage, preventive care, and other health services. There may also be Home and Community-Based Services (HCBS) waivers or other Medicaid programs that offer additional services to disabled individuals, like personal care services, assistive technology, and employment support. SSI recipients might be eligible for further assistance in North Carolina, such as food assistance through the Supplemental Nutrition Assistance Program (SNAP) or housing assistance. Approximately 26% or 40,300 households of Forsyth County households have a member with a disability. Of these, only 11,000 receive food stamps/SNAP benefits, or 27% of households with a disabled household member.

Medicaid services are provided in North Carolina to support individuals with intellectual and developmental disabilities (IDD). The benefits available are designed to help these adults live as independently as possible and can include medical care, direct support, community living support, and employment services, among others.

## Income & Housing Allowances

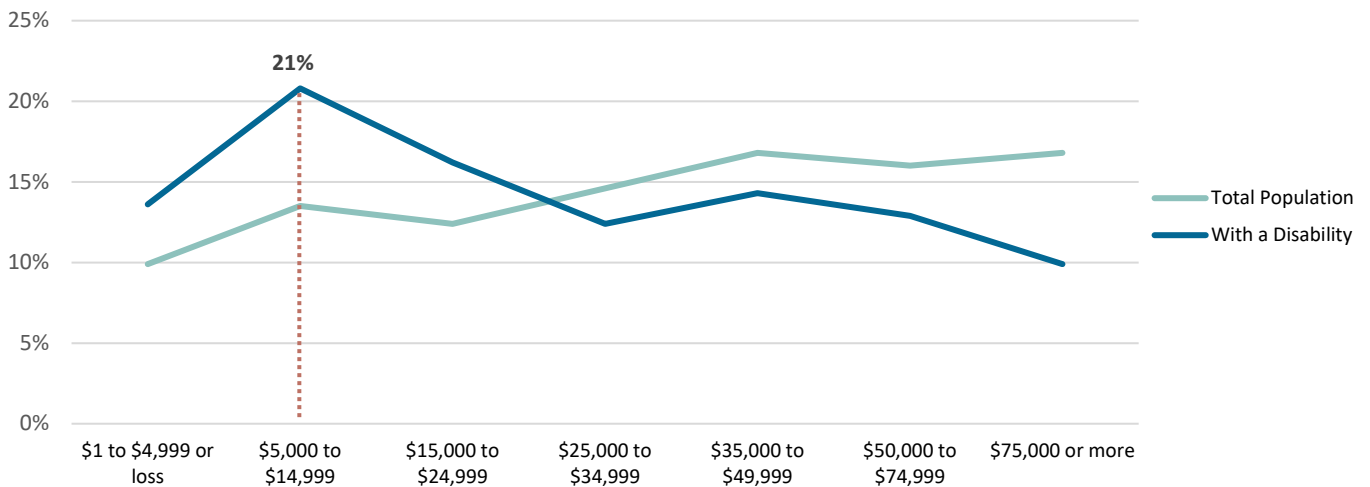
		Annual	Monthly	Housing Cost	Monthly Utility Allowance	Income Available for Monthly Rent	Annual Rent
<b>One Bedroom</b>							
<b>SSI (FBR)</b>	Individual	\$10,968	\$914	\$274	\$160	\$114	\$1,370
	Couple	\$16,452	\$1,371	\$411	\$195	\$216	\$2,596
<b>% AMI</b>	30% AMI	\$16,200	\$1,350	\$405	\$160	\$245	\$2,940
	50% AMI	\$26,950	\$2,246	\$674	\$160	\$514	\$6,165
	80% AMI	\$43,150	\$3,596	\$1,079	\$160	\$919	\$11,025
	100% AMI	\$53,900	\$4,492	\$1,348	\$160	\$1,188	\$14,250
	120% AMI	\$73,920	\$6,160	\$1,848	\$160	\$1,688	\$20,256
<b>Market Rent</b>						<b>\$1,000</b>	<b>\$12,000</b>
<b>Two Bedroom</b>							
<b>SSI (FBR)</b>	Individual	\$10,968	\$914	\$274	\$160	\$114	\$1,370
	Couple	\$16,452	\$1,371	\$411	\$195		
<b>% AMI</b>	30% AMI	\$18,500	\$1,542	\$463	\$160	\$303	\$3,630
	50% AMI	\$30,800	\$2,567	\$770	\$160	\$610	\$7,320
	80% AMI	\$49,300	\$4,108	\$1,233	\$160	\$1,073	\$12,870
	100% AMI	\$61,600	\$5,133	\$1,540	\$160	\$1,380	\$16,560
	120% AMI	\$73,920	\$6,160	\$1,848	\$160	\$1,688	\$20,256
<b>Market Rent</b>						<b>\$1,500</b>	<b>\$18,000</b>

## EARNED INCOME

Individuals with a disability – including vision, hearing, and ambulatory disabilities - who received earnings through employment tended to be in lower income levels compared to the total population. Nearly 21% of working individuals with a disability earned between \$5,000 and \$14,999 in the past 12 months. This is 31% or less than the median earnings for all full-time workers.

### Personal Earnings, 2021

	Total Population		With a Disability		No Disability	
	#	%	#	%	#	%
Population Age 16 and over with earnings	194,388		11,845		182,543	
\$1 to \$4,999 or loss	19,244	9.9%	1,611	13.6%	17,707	9.7%
\$5,000 to \$14,999	26,242	13.5%	2,464	20.8%	23,731	13.0%
\$15,000 to \$24,999	24,104	12.4%	1,919	16.2%	22,270	12.2%
\$25,000 to \$34,999	28,381	14.6%	1,469	12.4%	26,834	14.7%
\$35,000 to \$49,999	32,657	16.8%	1,694	14.3%	31,032	17.0%
\$50,000 to \$74,999	31,102	16.0%	1,528	12.9%	29,572	16.2%
\$75,000 or more	32,657	16.8%	1,173	9.9%	31,580	17.3%



Source: U.S. Census Bureau American Community Survey, 2021

# PROFORMA

The proforma in this document is for an apartment community with 390 units in Forsyth County, NC, and will cost approximately \$64,350,000 or \$165,000 per unit to construct. There are several ways to approach the long-term stabilized proforma with subsidized and market rents. Below are the highlights of four different options blending income levels and subsidies for housing. Detailed information is available in the accompanying spreadsheets.

## OPTION 1:

<b>MARKET RATE RENT</b>				Annual Increase Rent	2.50%
1 Bedroom/1 Bathroom:	300	\$1,000	Monthly Rent	Annual Increase Expenses	3.30%
2 Bedroom/2 Bathroom:	90	\$1,500	Monthly Rent	Capital Reserve	10%
<b>Total Units</b>	<b>390</b>				

	Units	Bedrooms	Baths	Rent Per Unit	Monthly Rent	Annual Rent Year 1	Annual Rent Year 10
Market Rate	300	1	1	\$1,000	\$300,000	\$3,600,000	\$4,495,907
Market Rate	90	2	2	\$1,500	\$135,000	\$1,620,000	\$2,023,158
<b>Total Units</b>	<b>390</b>						
					Potential Gross Revenue	\$5,220,000	\$6,519,065
					Vacancy & Credit Loss	\$391,500	\$488,930
					Net Revenue	\$4,828,500	\$6,030,135
					Total Operating Cost	\$2,088,000	\$2,796,620
					Capital Reserve	\$522,000	\$651,906
					Total Expenses	\$2,610,000	\$3,448,526
					<b>Net Operating Income</b>	<b>\$2,218,500</b>	<b>\$2,581,609</b>

<b>MARKET RENT</b>		
Net Operating Income	Year 1:	\$2,218,500
	Year 10:	\$2,581,609

Please see Appendix A for a list of terms and what is included in each category listed above.

## OPTION 2: BLENDED

<b>MARKET + 20% IDD RENTAL RATES</b>					
<b>Market Rate:</b>					
1 Bedroom/1 Bathroom:	240	\$1,000	Monthly Rent	Annual Increase Rent	2.50%
2 Bedroom/2 Bathroom:	72	\$1,500	Monthly Rent	Annual Increase Expenses	3.30%
<b>Individuals with IDD:</b>				Capital Reserve	10%
1 Bedroom/1 Bathroom:	60	\$114	Monthly Rent		
2 Bedroom/2 Bathroom:	18	\$216	Monthly Rent		
<b>Total Units</b>	<b>390</b>				

	Units	Bedrooms	Baths	Rent Per Unit	Monthly Rent	Annual Rent Year	Annual Rent Year 10
Market Rate	240	1	1	\$1,000	\$240,000	\$2,880,000	\$3,596,725
Market Rate	72	2	2	\$1,500	\$108,000	\$1,296,000	\$1,618,526
IDD	60	1	1	\$114	\$6,840	\$82,080	\$102,507
IDD	18	2	2	\$216	\$3,888	\$46,656	\$58,267
<b>Total Units</b>	<b>390</b>						
Potential Gross Revenue						\$4,304,736	\$5,376,025
Vacancy & Credit Loss						\$322,855	\$403,202
Net Revenue						\$3,981,881	\$4,972,823
Total Operating Cost						\$2,088,000	\$2,796,620
Capital Reserve						\$430,474	\$537,603
Total Expenses						\$2,518,474	\$3,334,222
<b>Net Operating Income</b>						<b>\$1,463,407</b>	<b>\$1,638,601</b>

<b>MARKET + 20% IDD RENTAL RATES</b>		
Net Operating Income	Year 1:	\$1,463,407
	Year 10:	\$1,638,601

Please see Appendix A for a list of terms and what is included in each category listed above.

### OPTION 3: BLENDED

<b>MARKET +20% IDD + 20% @ 50% AMI</b>			
<b>Market Rate:</b>			
1 Bedroom/1 Bathroom:	180	\$1,000	Monthly Rent
2 Bedroom/2 Bathroom:	54	\$1,500	Monthly Rent
<b>Individuals with IDD:</b>			
1 Bedroom/1 Bathroom:	60	\$114	Monthly Rent
2 Bedroom/2 Bathroom:	18	\$216	Monthly Rent
<b>Households at 50% of AMI:</b>			
1 Bedroom/1 Bathroom:	60	\$514	Monthly Rent
2 Bedroom/2 Bathroom:	18	\$610	Monthly Rent
<b>Total Units</b>	<b>390</b>		

Annual Increase Rent	2.50%
Annual Increase Expenses	3.30%
Capital Reserve	10%

	Units	Bedrooms	Baths	Rent Per Unit	Monthly Rent	Annual Rent Year	Annual Rent Year 10
Market	180	1	1	\$1,000	\$180,000	\$2,160,000	\$2,697,544
Market	54	2	2	\$1,500	\$81,000	\$972,000	\$1,213,895
20% IDD	60	1	1	\$114	\$6,840	\$82,080	\$102,507
20% IDD	18	2	2	\$216	\$3,888	\$46,656	\$58,267
20% @ 50% AMI	60	1	1	\$514	\$30,840	\$370,080	\$462,179
20% @ 50% AMI	18	2	2	\$610	\$10,980	\$131,760	\$164,550
<b>Total Units</b>	<b>390</b>						
Potential Gross Revenue						\$3,762,576	\$4,698,942
Vacancy & Credit Loss						\$282,193	\$352,421
Net Revenue						\$3,480,383	\$4,346,521
Total Operating Cost						\$2,088,000	\$2,796,620
Capital Reserve						\$376,258	\$469,894
Total Expenses						\$2,464,258	\$3,266,514
<b>Net Operating Income</b>						<b>\$1,016,125</b>	<b>\$1,080,007</b>

<b>MARKET +20% IDD + 20% @ 50% AMI</b>		
Net Operating Income	Year 1:	\$1,016,125
	Year 10:	\$1,080,007

Please see Appendix A for a list of terms and what is included in each category listed above.

## OPTION 4: BLENDED

<b>MARKET + 20% IDD + 20% @ 50% AMI +20% @ 30% AMI</b>				Annual Increase Rent	2.50%
<b>Market Rate:</b>				Annual Increase Expenses	3.30%
1 Bedroom/1 Bathroom:	120	\$1,000	Monthly Rent	Capital Reserve	10%
2 Bedroom/2 Bathroom:	36	\$1,500	Monthly Rent		
<b>Individuals with IDD:</b>					
1 Bedroom/1 Bathroom:	60	\$114	Monthly Rent		
2 Bedroom/2 Bathroom:	18	\$216	Monthly Rent		
<b>Households at 30% of AMI:</b>					
1 Bedroom/1 Bathroom:	60	\$245	Monthly Rent		
2 Bedroom/2 Bathroom:	18	\$303	Monthly Rent		
<b>Households at 50% of AMI:</b>					
1 Bedroom/1 Bathroom:	60	\$514	Monthly Rent		
2 Bedroom/2 Bathroom:	18	\$610	Monthly Rent		

	Units	Bedrooms	Baths	Rent Per Unit	Monthly Rent	Annual Rent Year	Annual Rent Year 10
Market Rate	120	1	1	\$1,000	\$120,000	\$1,440,000	\$1,798,363
Market Rate	36	2	2	\$1,500	\$54,000	\$648,000	\$809,263
20% IDD	60	1	1	\$114	\$6,840	\$82,080	\$102,507
20% IDD	18	2	2	\$216	\$3,888	\$46,656	\$58,267
20% @30% AMI	60	1	1	\$245	\$14,700	\$176,400	\$220,299
20% @30% AMI	18	2	2	\$303	\$5,454	\$65,448	\$81,736
20% @50% AMI	60	1	1	\$514	\$30,840	\$370,080	\$462,179
20% @50% AMI	18	2	2	\$610	\$10,980	\$131,760	\$164,550
<b>Total Units</b>	<b>390</b>						
Potential Gross Revenue						\$2,960,424	\$3,697,164
Vacancy & Credit Loss						\$222,032	\$277,287
Net Revenue						\$2,738,392	\$3,419,877
Total Operating Cost						\$2,088,000	\$2,796,620
Capital Reserve						\$296,042	\$369,716
Total Expenses						\$2,384,042	\$3,166,336
<b>Net Operating Income</b>						<b>\$354,350</b>	<b>\$253,541</b>

<b>MARKET + 20% IDD + 20% @ 50% AMI +20% @ 30% AMI</b>		
Net Operating Income	Year 1:	\$354,350
	Year 10:	\$253,541

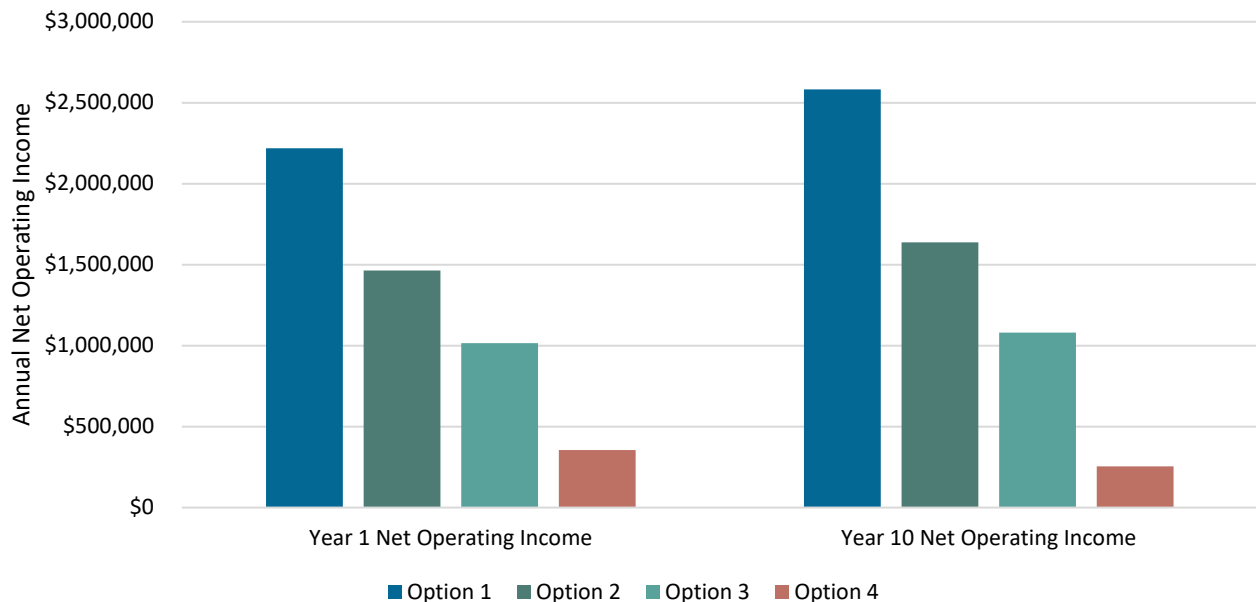
Please see Appendix A for a list of terms and what is included in each category listed above.

## PROFORMA OPTIONS: SIDE BY SIDE COMPARISON

	OPTION 1	OPTION 2	OPTION 3	OPTION 4
Rental Rate Mix	All market-rate rent	Blended: 80%/20% <ul style="list-style-type: none"> <li>market-rate</li> <li>20% IDD rates</li> </ul>	Blended: 60%/40% <ul style="list-style-type: none"> <li>market-rate</li> <li>20% IDD rates</li> <li>20% @50% AMI</li> </ul>	Blended: 40%/60% <ul style="list-style-type: none"> <li>market-rate</li> <li>20% IDD rates</li> <li>20% @50% AMI</li> <li>20% @30% AMI</li> </ul>
Rental Rate Range	\$1,000 - \$1,500	\$114 - \$1,500	\$114 - \$1,500	\$114 - \$1,500
Annual Rent (Year 1)	\$5,220,000	\$4,304,736	\$3,762,576	\$2,960,424
Annual Rent (Year 10)	\$6,519,065	\$5,376,025	\$4,698,942	\$3,697,164
<b>Net Operating Income (Year 1)</b>	<b>\$2,218,500</b>	<b>\$1,463,407</b>	<b>\$1,016,125</b>	<b>\$354,350</b>
<b>Net Operating Income (Year 10)</b>	<b>\$2,581,609</b>	<b>\$1,638,601</b>	<b>\$1,080,007</b>	<b>\$253,541</b>

Proforma formulas include the following: Annual Rent Increase = 2.5%; Annual Expenses Increase = 3.3%

### Net Operating Income Comparison



These project proforma models offer financial models that projects investments and anticipated revenues, expenses, and profitability. These are blueprints outlining estimated income and expenses over 10 years into the future. Because a proforma utilizes anticipated cost escalators, it is hazardous to forecast more than ten years into the future. The standard expectation is that rent and cost increases will even out over a twenty to thirty-year horizon. A project to remain profitable must adjust projections for rents and expenses to reflect the market.

# SITE SELECTION

Finding the right sight is a key part of the success of this project. The site selection process for this study consisted of three steps centered around filtering properties for suitability in relation to buildability and the specific project criteria such as size and zoning.

## PROJECT STEPS

1. The initial step of site selection began with a map identifying Winston-Salem properties within one-quarter of a mile from a transit stop.
2. In the second step, the original list of sites was filtered to identify sites that met several criteria. First, the size of the lot needed to be at least 10 acres, the minimum to fit a 390-unit apartment complex. Next, the property needed to be within Growth Area 1 (City Center) or Growth Area 2 (Urban Neighborhood) as identified in Winston-Salem’s land planning ordinance.

Sites were then reviewed individually to ensure they were suitably zoned to able to be rezoned to Residential Multifamily Unlimited (RMU). This zoning designation would accommodate the density of a project of an apartment building of 390 units.

Sites need to have access to public water and sewer as well as adequate roads with direct connection to minor or major thoroughfares. In addition to the site’s proximity to public transportation, its location near support services and amenities was also considered.

This resulting site list contained 65 sites. After a thorough desktop review, the list of sites was reduced to 10 possible apartment complex locations.

3. The third step in the site selection process was to visit each site personally and conduct an on-site evaluation. Each location was visited to confirm vacancy and then evaluated for its general condition. This review process reduced the list to five finalist sites that showed promise. In addition to these five sites, two more sites were added for consideration after discussions with the Winston-Salem Housing Authority.

### Finalist Sites for Consideration of Proposed IDD Housing Project

Address	Acreage	Growth Mgmt. Area	Current Zoning	TaxPin #	Owner
<b>Happy Hills Neighborhood*</b>	varied	1	RM18	6835-41-8085	Forsyth Economics Ventures Inc
<b>412 Elmwood Dr</b>	18.38	2	RM12	6833-18-1869	Ogburn Investments
<b>341 Park Blvd</b>	13.87	2	IP	6834-18-2103	City of Winston Salem
<b>2453 Willard Rd</b>	10.57	2	RM8	6844-63-9654	Hubbard Realty
<b>E Twenty Sixth St</b>	15.16	2	RM18	6836-76-7459	Ogburn Investments
<b>2090 Big House Gaines Blvd</b>	13.47	2	IP	6845-08-6413	Forsyth County
<b>3420 Old Greensboro Rd</b>	34.87	1	RS9	6845-68-3847	NC Community Development Initiative

\* Multiple sites can be allotted, one parcel is included here for general location

## SITE EVALUATION

<p><b>Site Criteria:</b></p> <ul style="list-style-type: none"> <li>• 10-acres or more to accommodate a 390-unit apartment project</li> <li>• Within a designated City of Winston-Salem Growth Management Area 1 or 2</li> <li>• Zoned or suitable to be rezoned Residential Multifamily Unlimited (RMU) for unrestricted density</li> <li>• Proximity to public transit (within one-quarter mile)</li> <li>• Access to public water and sewer</li> <li>• Located on at least a minor collector street</li> <li>• Near amenities</li> </ul>	<p><b>Site Scoring:</b></p> <p><b>0</b> Not Acceptable</p> <p><b>1</b> Serious Problems</p> <p><b>2</b> Adequate</p> <p><b>3</b> Good</p>
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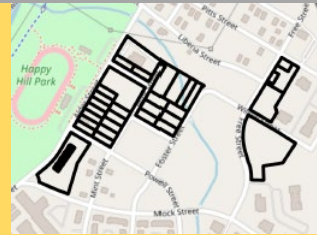






In addition to the general site criteria outlined above, finalist sites were evaluated on a more rigorous level for their appropriateness for multi-family living and buildability. Sites were scored based on their suitability ranking from 0 being unacceptable to 3 as good. The third level review included the following factors:

1. Suitability: Is the site suitable for a 390-unit apartment building serving the IDD population?
  - a. Based on surrounding land uses, what was the probability that the site could be rezoned to RMU?
  - b. Is the topography suitable for the proposed development?
  - c. Is the site in the floodplain?
2. Transportation: Is the transportation infrastructure necessary for the proposed development in place? Is Public Transit available within one/quarter mile of the site?
3. Services: Are necessary services such as shopping, personal services, and medical services reasonably convenient

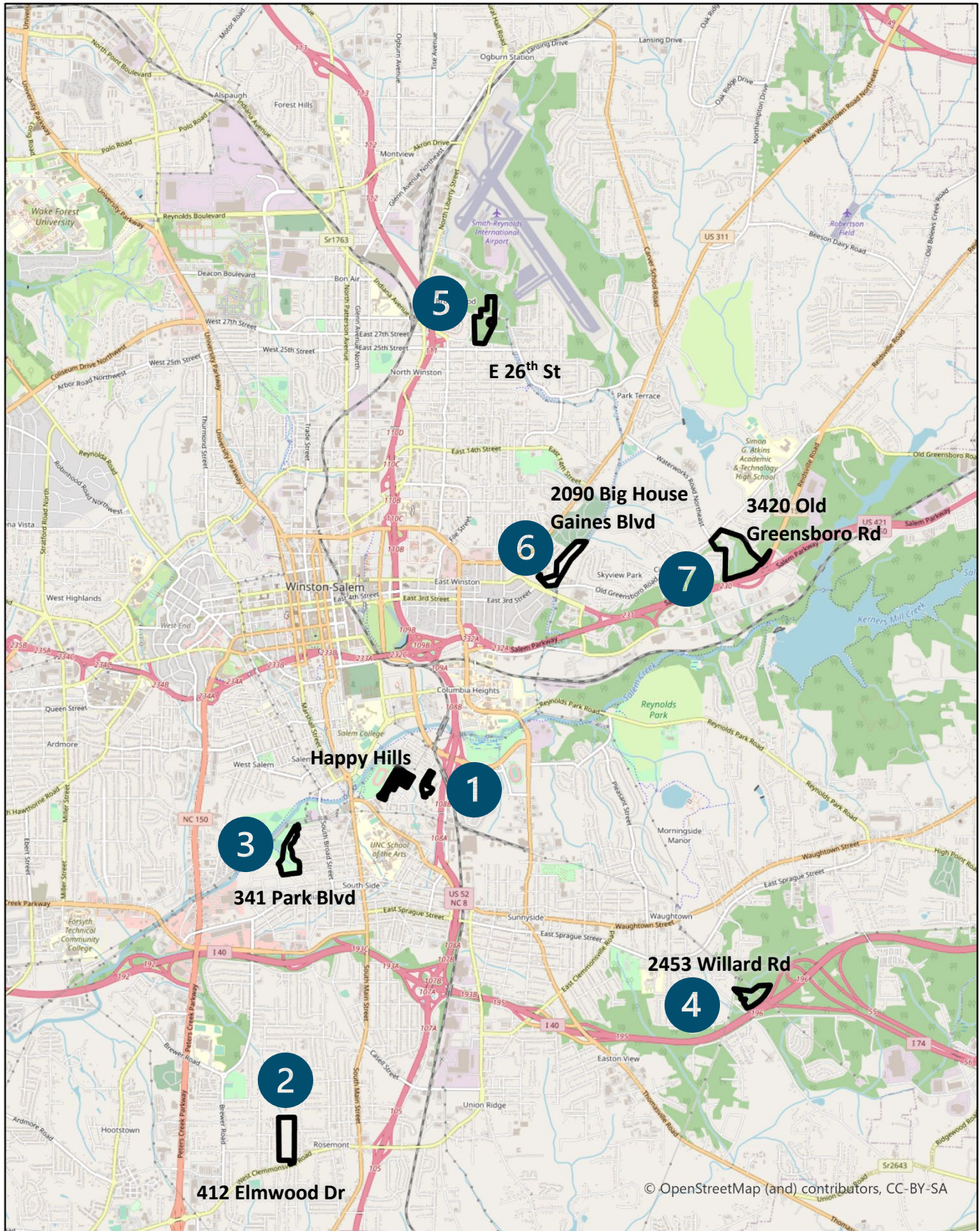
### Finalist Sites Scoring for Proposed IDD Housing Project

Sites	Address	Growth Mgmt. Area Score	Size Score	Suitability Score	Transportation Score	Services Score	Total Score
1	Happy Hills Neighborhood*	2	3	3	3	3	12
2	412 Elmwood Dr	2	3	2	3	3	11
3	341 Park Blvd	2	3	2	2	3	10
4	2453 Willard Rd	2	2	3	2	2	9
5	E Twenty Sixth St	2	3	1	2	3	9
6	2090 Big House Gaines Blvd	2	3	2	1	2	8
7	3420 Old Greensboro Rd	2	3	1	2	2	8

All seven sites meet the minimum requirements of the project. Below are general comments on each site:

	<p><b>Site 1: Happy Hills Neighborhood.</b>            In the opinion of the consultants, this is the best site. It meets or exceeds all the requirements for the development. <b>Score: 12</b></p>
	<p><b>Site 2: 412 Elmwood Dr.</b>            This site is generally suitable. <b>Score: 11</b></p>
	<p><b>Site 3: 341 Park Blvd.</b>            This site is generally suitable. <b>Score: 10</b></p>
	<p><b>Site 4: 2453 Willard Rd.</b>            This site is marginally acceptable. <b>Score: 9</b></p>
	<p><b>Site 5: E 26<sup>th</sup> St.</b>            This site is problematic due to its location adjacent to Smith Reynolds Airport. While It is not in the FAA Noise Contours, it is still subject to undesirable noise levels. <b>Score: 9</b></p>
	<p><b>Site 6: 2090 Big House Gaines Blvd.</b>            This site is problematic – It is not a likely candidate for rezoning to RMU. <b>Score: 8</b></p>
	<p><b>Site 7: 3420 Old Greensboro Rd.</b>            This site is problematic. The City of Winston-Salem has slated it for a manufactured housing development. <b>Score: 8</b></p>

# POTENTIAL SITE LIST FOR PROPOSED IDD HOUSING PROJECT



# SITES

## HAPPY HILLS (FORMER HAPPY HILLS GARDENS)

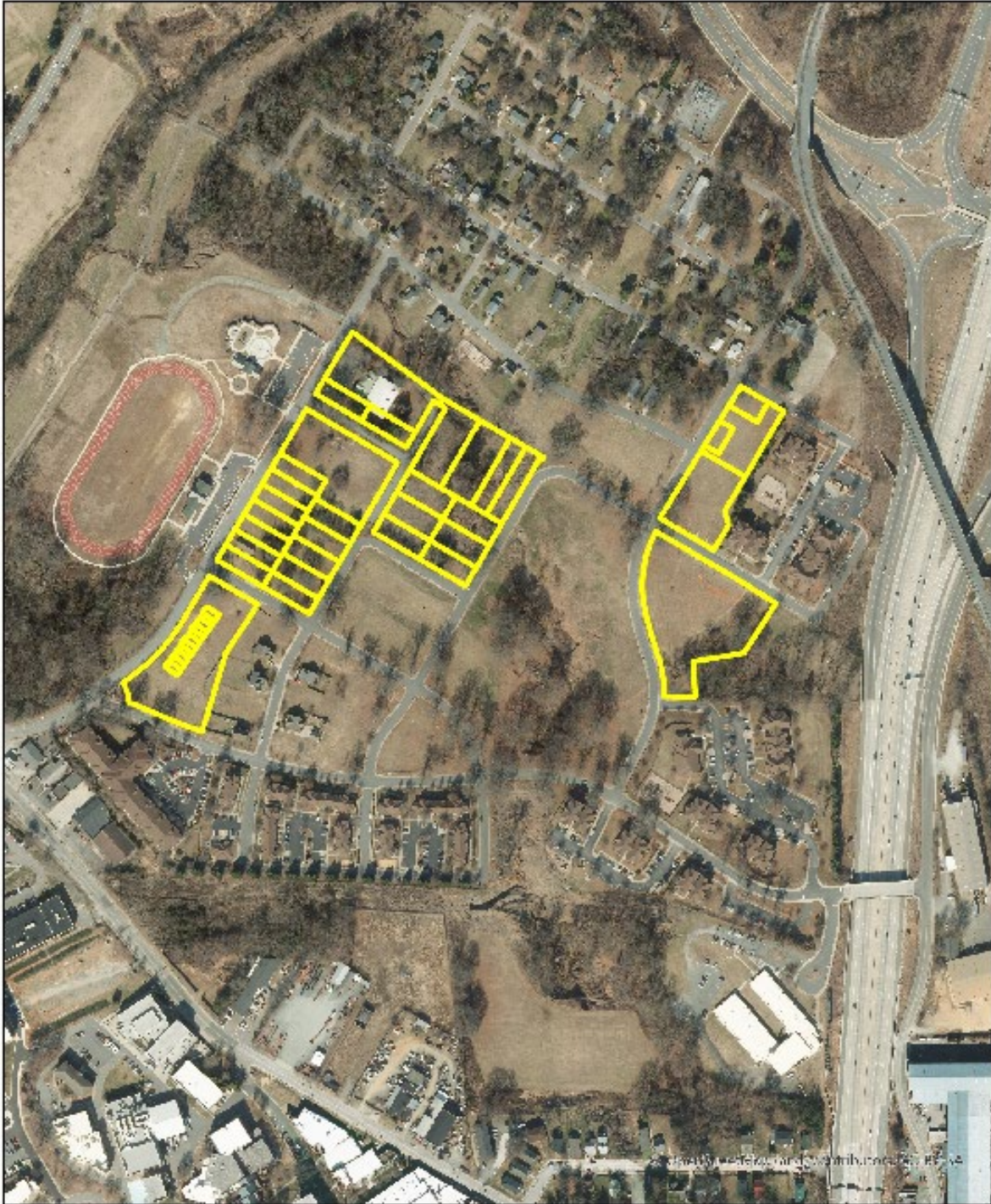
**BACKGROUND:** In 2003, the Housing Authority of Winston Salem (HAWS) was awarded a Hope VI Grant of 18.2 million to redevelop Happy Hills Gardens into a vibrant mixed-income community. The 488 units of traditional public housing were razed. Three new affordable (LIHTCs) were built, which provided 272 new affordable housing rental units in the neighborhood. The economic recession of 2007-2009 precluded the redevelopment of subsequent phases of the plan. It also led to the dissolution of the original partner for the project.

Since the dissolution of the original partnership, HAWS and the United States Department of Housing and Urban Development (HUD) have been crafting a new strategy for addressing housing needs at the Happy Hill Site. Based on conversations with HAWS, we believe Happy Hill represents the best opportunity for the proponents of IDD housing to locate an affordable site that is well-located and suitable for a 390-unit development.

Happy Hills presently lacks adequate affordable housing stock and the neighborhood has been vocal in seeking a way for displaced residents who wish to return. HAWS has indicated a willingness to reconfigure existing sites to create a place for the IDD project. Perhaps allocating a portion of the more affordable housing units for returning residents could help fulfill their restorative justice goals.

The Happy Hills Neighborhood is located in the center of Winston-Salem near the North Carolina School of the Arts, Salem College, and Old Salem.



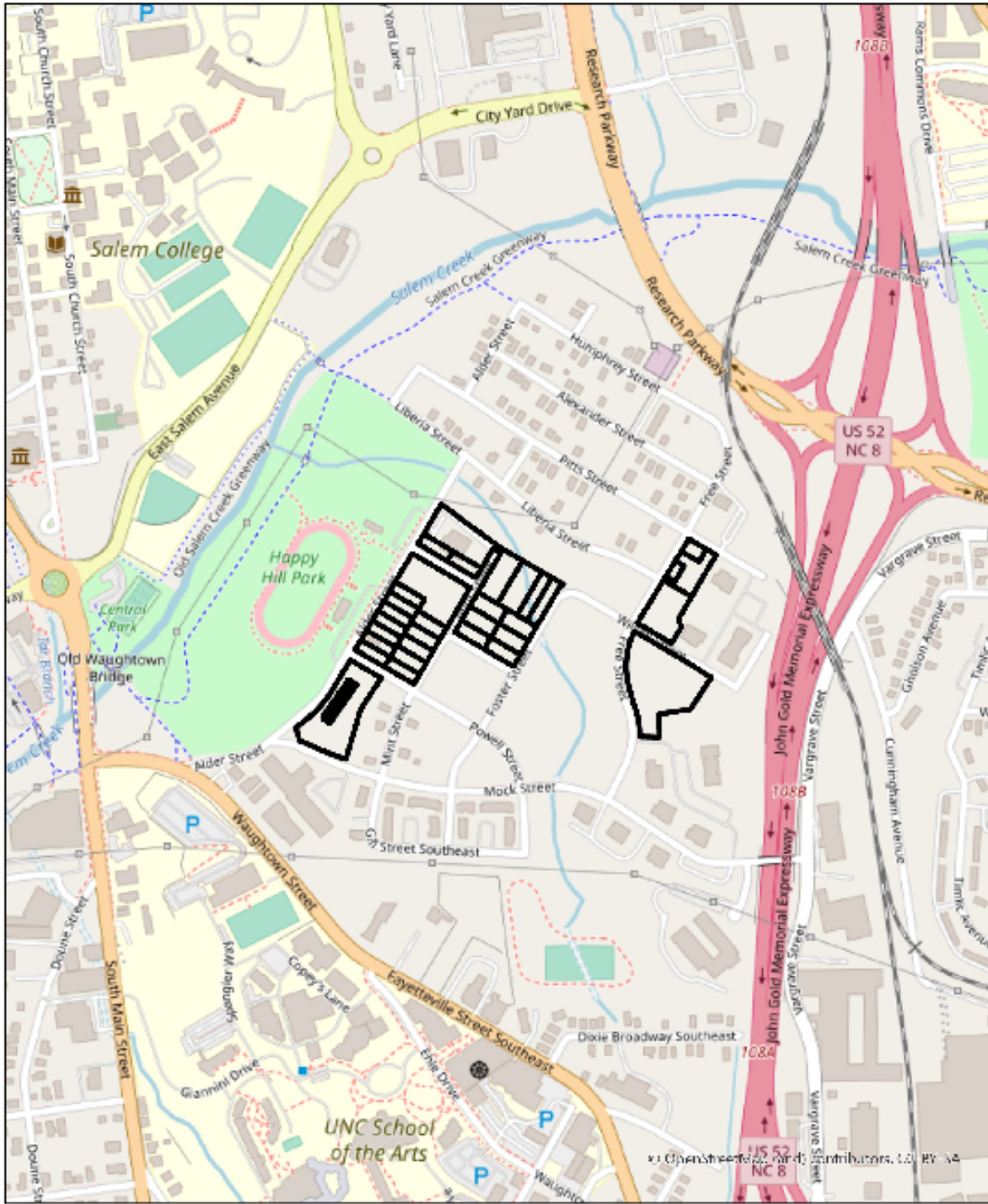


**Site: Happy Hills Neighborhood  
Winston-Salem, NC**

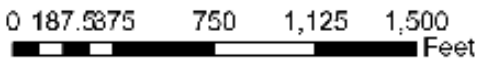
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Feet



Outlined area reflects Phases 4 & 5 of planned development and is not site specific for IDD project.



**Site: Happy Hills Neighborhood**  
**Winston-Salem, NC**

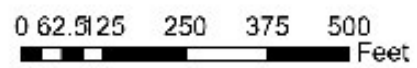


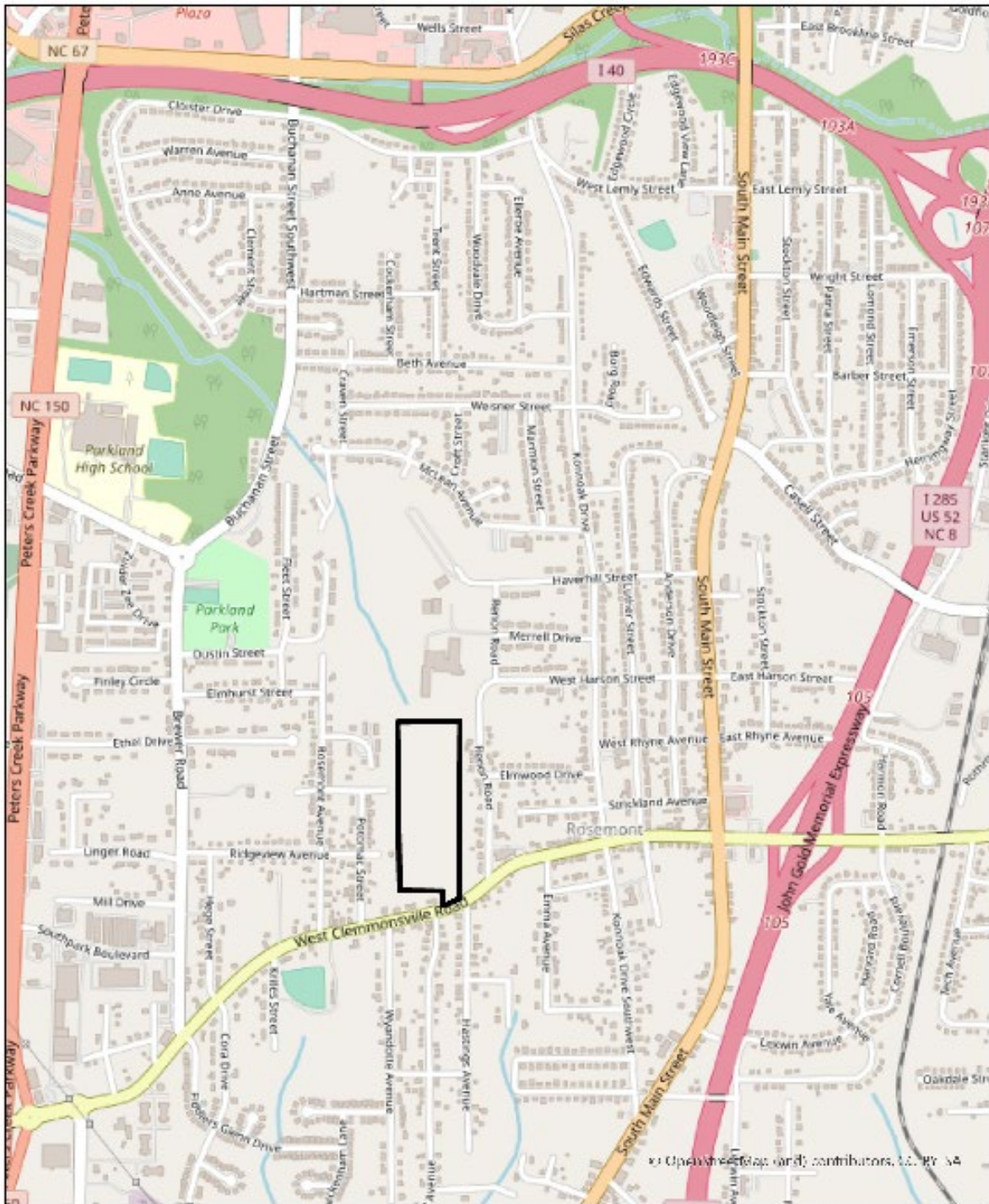
Outlined area reflects Phases 4 & 5 of planned development and is not site specific for IDD project.

412 ELMWOOD DR

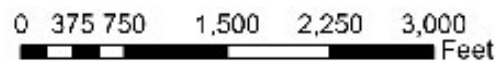


Site: 412 Elmwood  
Winston-Salem, NC





Site: 412 Elmwood Dr  
 Winston-Salem, NC

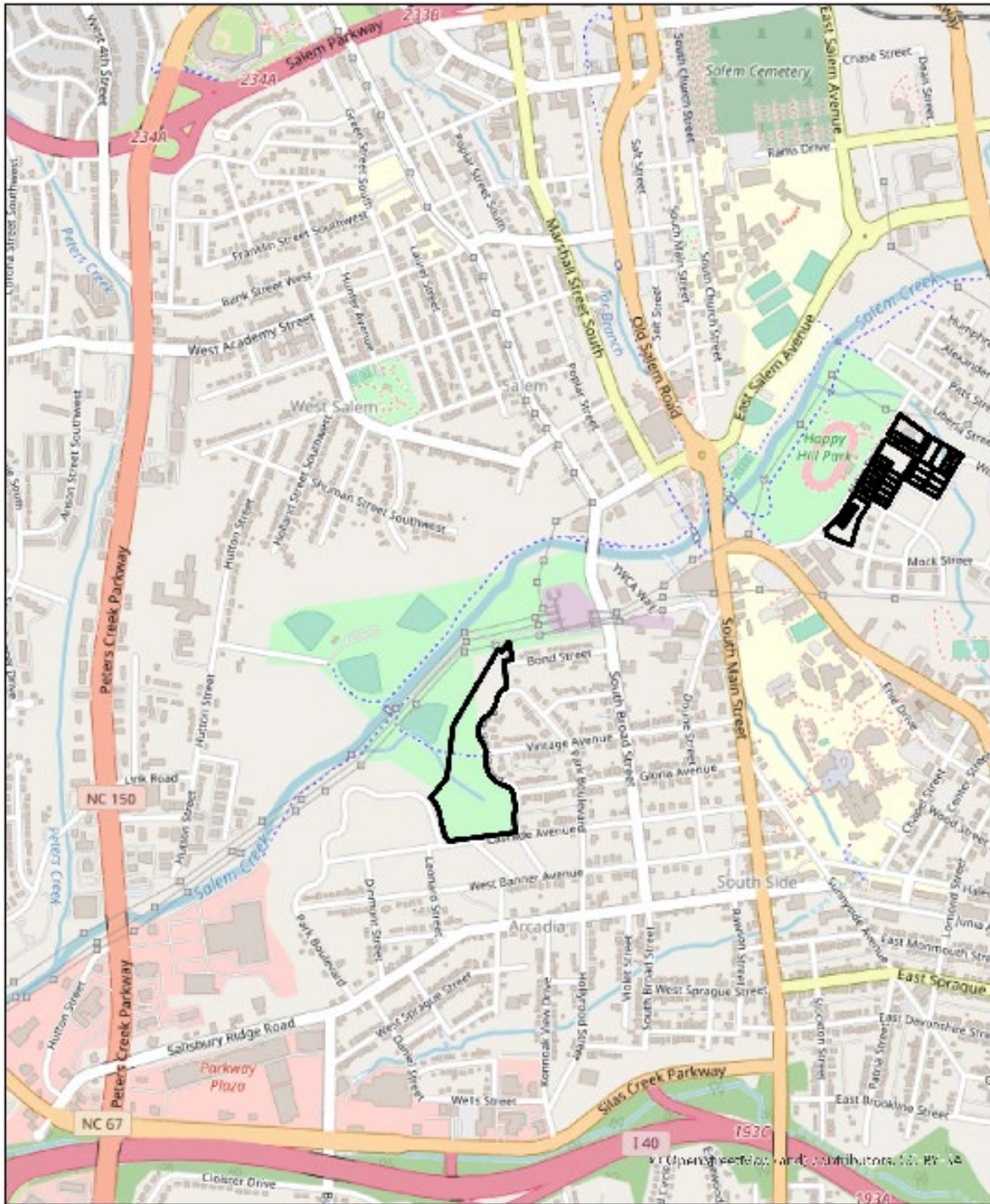


# 341 PARK BLVD

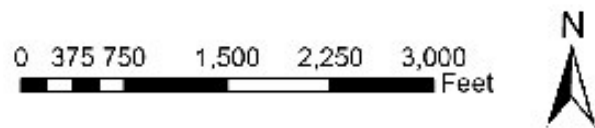


Site: 341 Park Blvd  
Winston-Salem, NC





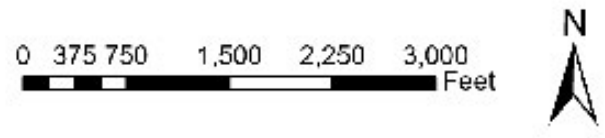
Site: 341 Park Blvd  
 Winston-Salem, NC







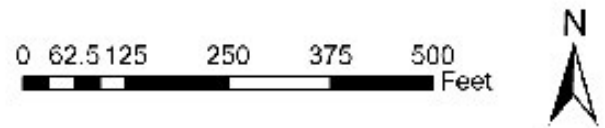
Site: 2453 Willard Rd  
 Winston-Salem, NC

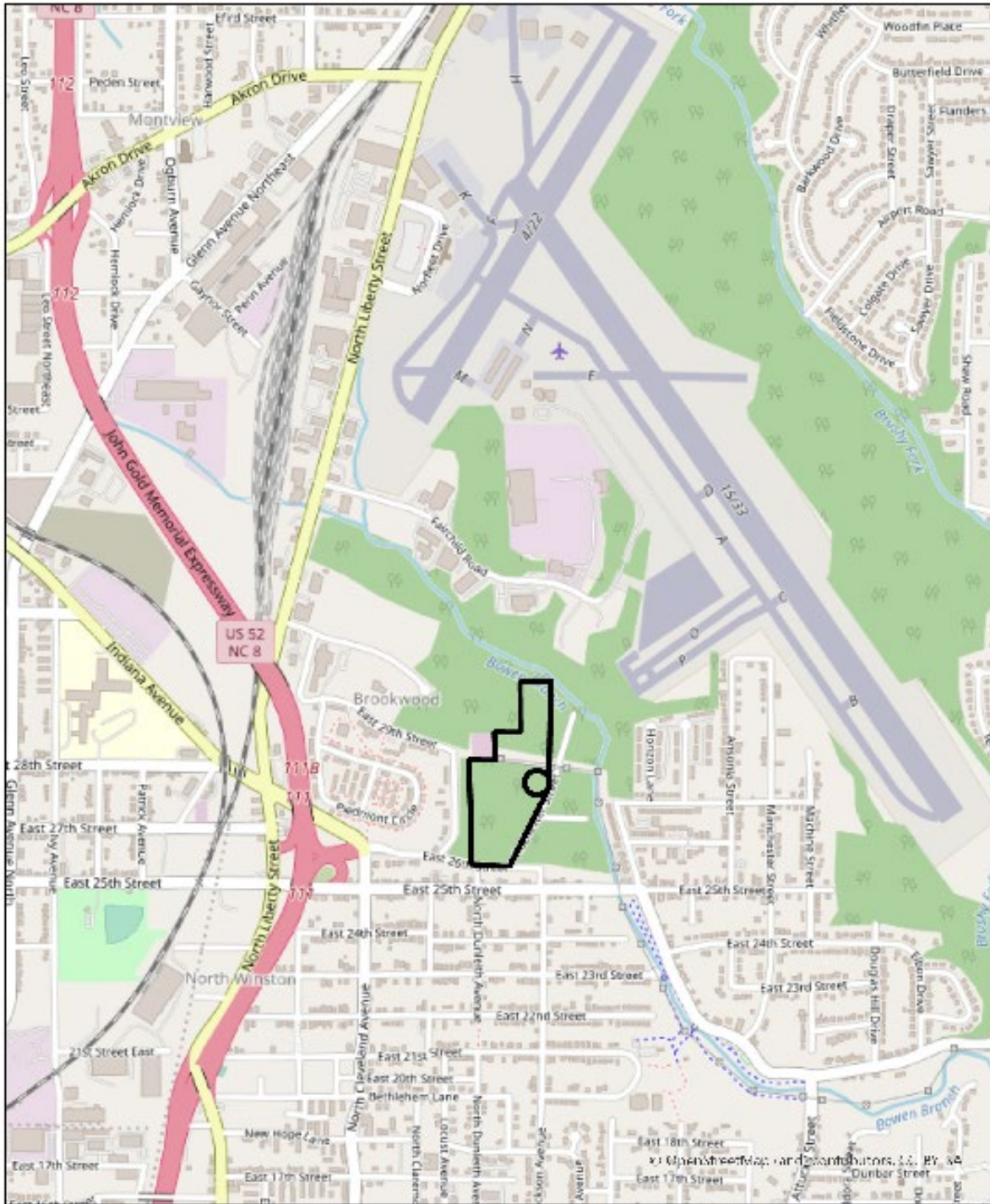


E TWENTY-SIXTH ST

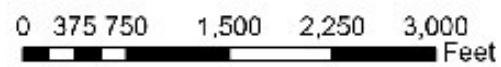


Site: E 26th St  
Winston-Salem, NC





Site: E 26th St  
 Winston-Salem, NC



2090 BIG HOUSE GAINES BLVD



Site: 2090 Big House Gaines Blvd  
Winston-Salem, NC

0 62.5 125 250 375 500 Feet





Site: 2090 Big House Gaines Blvd  
 Winston-Salem, NC



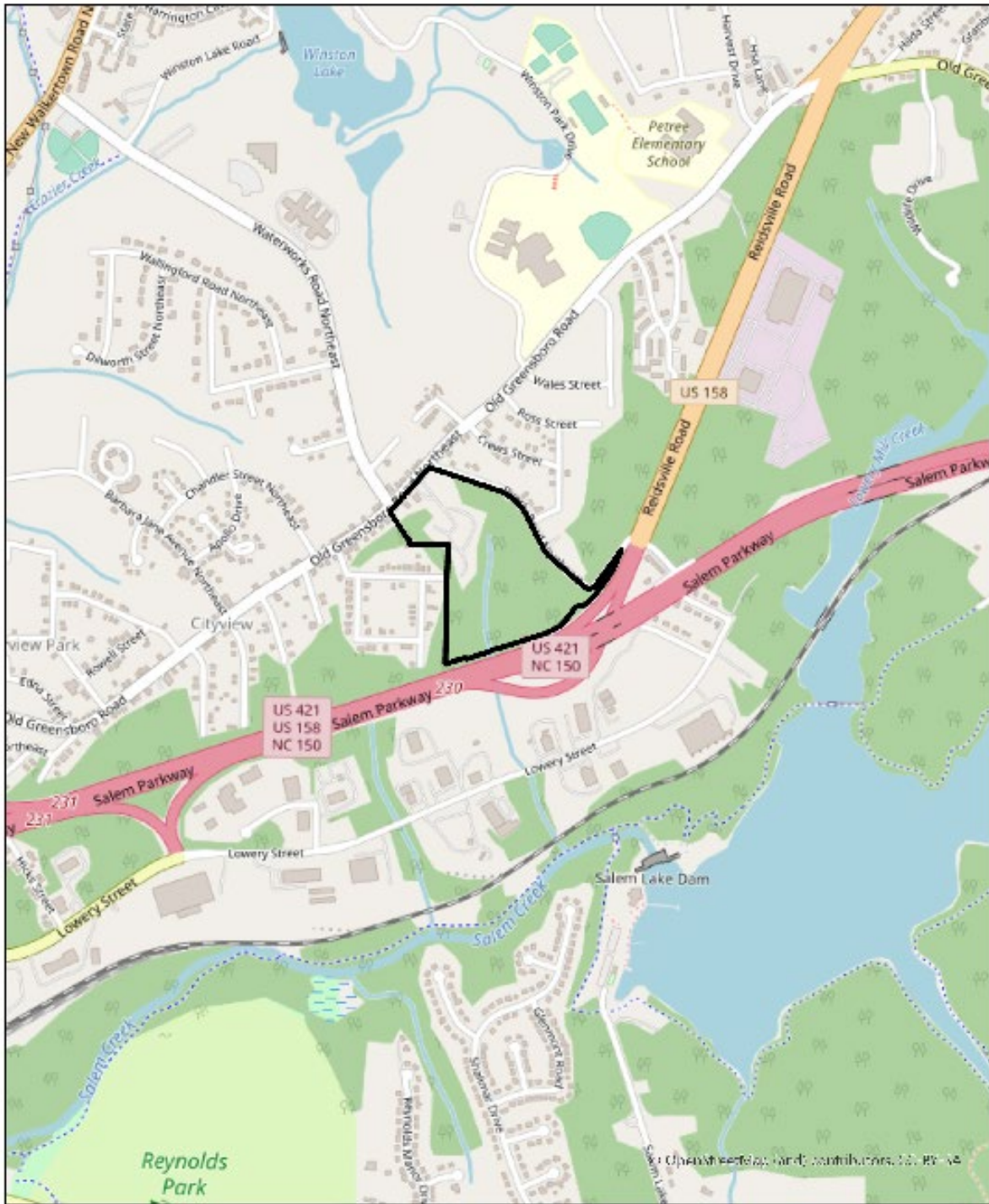
# 3420 OLD GREENSBORO RD



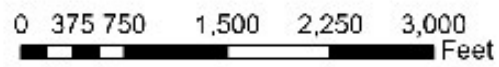
Site: 3420 Old Greensboro Rd  
Winston-Salem, NC

0 62.5 25 375 500  
Feet





Site: 3420 Old Greensboro Rd  
Winston-Salem, NC



# APPENDIX A

## GLOSSARY OF TERMS AND INCLUSIONS

**Real Estate Proforma:** A real estate proforma is a financial model that projects a real estate investment's anticipated revenues, expenses, and profitability. It is a comprehensive financial blueprint outlining income and expenses over a specific period – typically 5 to 10 years into the future. Because a proforma utilizes anticipated cost escalators, it is hazardous to forecast more than ten years into the future. The standard expectation is that rent and cost increases will even out over a twenty to thirty-year horizon. A project to remain profitable must adjust projections for rents and expenses to reflect the market.

**Potential Gross Revenue:** The maximum amount of (rental) revenue an apartment development could generate if 100% occupied at posted rents for a year. (Number of units X posted rents X 12 Months)

**Vacancy and Credit Losses:** Refers to the rental revenue lost due to vacant units and tenants that default on their rental payments.

**Net Revenue:** Refers to the total amount of money generated from rental income, less vacancies, and credit losses.

**Total Operating Cost:** A comprehensive estimate of all the expenses of operating a property. This includes property management fees, utilities paid by the management, maintenance and repairs, insurance, property taxes, landscaping and groundskeeping, administrative costs, and marketing and advertising.

**Capital Reserves:** An annual allocation for future capital expenditures such as roof replacements, HVAC system upgrades, and appliance replacements.

**Total Expenses:** A total of all operating costs, including reserves.

**Net Operating Income (NOI):** NOI is the most crucial metric in evaluating a real estate investment. It is the estimate of the property's profitability after counting for both revenue and operating expenses. (NOI = Net Revenue – Total Expenses.)